

PX 740

Message

From: Ethan Beard [REDACTED]@ripple.com]
 on behalf of Ethan Beard [REDACTED]@ripple.com> [REDACTED]@ripple.com]
 Sent: 3/20/2019 2:00:02 PM
 To: [REDACTED]@coil.com>]
 CC: [REDACTED]@coil.com>; [REDACTED]@ripple.com
 Subject: Re: GateHub Ltd

Thanks for the details. Let me check with finance in preference. Back to you shortly.

On Wed, Mar 20, 2019 at 11:47 AM [REDACTED]@coil.com> wrote:

Hey Ethan,

Yes, as part of our deal with Ripple, Ripple has set aside [REDACTED] XRP to be used at Coil's discretion with the only two conditions being that anything we use the funds for 1) support the XRP/ILP ecosystem (determined by Coil) and 2) be tax deductible for Ripple (determined by Ripple). The Gatehub project should fulfill both criteria.

[REDACTED] kindly pulled the relevant section from the contract (my emphasis):

3. Marketing Services.

3.1 Set-Aside.

Ripple shall set aside, in a separate account, [REDACTED] of XRP (the "Set-Aside XRP") for Third-Party projects (the "Projects").

Within 30 days after receipt of a written request from Coil to Ripple (a "Project Request") to provide a portion of the Set-Aside XRP for a Project (the "Project Request Amount"), which describes in detail the nature of the Project and the requested XRP amount, Ripple shall transfer the Project Request Amount as specified in such Project Request in accordance with this Section 3.1, provided that such Project satisfies each of the following conditions and the applicable requirements in Section 3.1(c)-(i):

(i) the Project must utilize and/or promote the Interledger Protocol (the technology underlying components of Ripple's xCurrent, xRapid and xVia products) and XRP, as determined by Coil in its sole and reasonable discretion;

(ii) The Project must be for a bona fide and lawful purpose;

(iii) Ripple shall have determined, in its sole and reasonable discretion, that the payment of XRP pursuant to the Project is Tax Deductible.

Large Projects shall be subject to (i) approval by Ripple in its sole discretion and (ii) to Ripple's standard terms and conditions for XRP transactions. For any Large Project, Ripple shall pay the XRP directly to the Third Party with respect to such Large Project, unless Ripple decides in its sole discretion to pay the XRP to Coil for payment by Coil to such Third Party.

Medium Projects shall be subject to Ripple's standard terms and conditions for XRP transactions. For any Medium Project, Ripple shall pay the XRP directly to the Third Party with respect to such Medium Project, unless Ripple decides in its sole discretion to pay the XRP to Coil for payment by Coil to such Third Party.

For Small Projects, Coil shall reasonably estimate the monthly XRP requirements in XRP for Small Projects, and present Ripple with a monthly invoice of Coil's monthly service fee to cover Small Projects. Ripple shall pay such invoices with XRP directly to Coil and Coil in its sole and reasonable discretion shall distribute such XRP to the respective Third Parties. The aggregate amount of XRP Transferred by Coil to Third Parties pursuant to all Small Projects shall not exceed [REDACTED] XRP per seven (7) day period commencing at 12:00:00 p.m. midnight UTC on Saturday and ending on 12:00:00 p.m. midnight UTC the following Saturday. To the extent that Ripple determines that a Small Project is no longer Tax Deductible in Ripple's sole and reasonable discretion, it may withhold further payments for such Small Project.

Notwithstanding the foregoing, if **Coil** advances payments to a Third Party for a Small Project (i) before the conditions set forth in Section 3.1(b) are satisfied for such Small Project and (ii) such conditions are subsequently satisfied, such that Ripple is required to fund such Project out of the Set-Aside XRP pursuant to Section 3.1, then (A) Ripple shall pay **Coil**, in XRP, an amount of XRP equal to the dollar amount of the payments advanced by **Coil** to such Third Party for such Project, calculated as the quotient of (i) such dollar amount and (ii) the XRP Price on the second business day before the date of payment by Ripple to **Coil**, and (B) the amount of XRP otherwise payable by Ripple to the Third Party for such Project shall be reduced by the such amount of XRP paid to **Coil**.

XRP received by Third Parties pursuant to Large Projects and Medium Projects shall be subject to Transfer restrictions, as determined by Ripple in its reasonable discretion, designed to limit Transfers of XRP to no more than **basis points** (%) of global daily XRP volume across all Projects.

Any XRP for a Project paid by Ripple to **Coil** pursuant to this Section 3.1 shall not be sold by **Coil** or its Affiliates for their own benefit or the benefit of its Affiliates, except that **Coil** may sell such portion of such XRP as is necessary to (i) pay applicable federal and state taxes owed by **Coil** as a result of its receipt or further distribution of such XRP (ii) to reimburse **Coil** for any XRP payments advanced by **Coil** prior to receipt by **Coil** of designated XRP set-aside payments for such Project as set forth in Section 3.1(f).

Any disputes between Ripple and **Coil** related to the matters set forth in this Section 3.1 shall be determined by arbitration with JAMS in San Francisco, California before one arbitrator. The arbitrator shall be determined by the normal JAMS process regarding the selection of arbitrators in expedited matters. The arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures and in accordance with the Expedited Procedures in those Rules. Judgment on any arbitration award may be entered in any court having jurisdiction.

The **GateHub** project is a "Medium Project" under the Agreement, which contains the following definition:

1.10 "Medium Project" shall mean one or a series of related Projects providing for aggregate XRP payments that are both (i) greater than or equal to **XRP** and less than **XRP** and (ii) less than \$**in value**, calculated as the product of (A) such aggregate number of XRP and (B) the XRP Price on the day Ripple receives the Project Request for such Medium Project (or, if there is more than one Project Request with respect to such Medium Project or series of related Medium Projects, the date Ripple receives any such Project Request).

The cost of the **GateHub** service contract is \$**(about** **XRP** at the present exchange rate), and is therefore a Medium Project. Again, from the agreement,

Medium Projects shall be subject to Ripple's standard terms and conditions for XRP transactions. For any Medium Project, Ripple shall pay the XRP directly to the Third Party with respect to such Medium Project, unless Ripple decides in its sole discretion to pay the XRP to **Coil** for payment by **Coil** to such Third Party.

Hence our question: would you like to pay **GateHub** directly, or through us?

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On Wed, Mar 20, 2019 at 11:15 AM Ethan Beard <**@ripple.com**> wrote:

Hi I assume the funding will come through our deal with **coil**? I haven't dug in deeply on the terms of that deal so I'm not sure exactly how it's covered. Was it contemplated in that deal?

On Wed, Mar 20, 2019 at 10:51 AM **@coil.com**> wrote:

Hi, Ethan. We're putting together the service contract for use with **GateHub**. Does Ripple want to fund the contract by sending payments directly to **GateHub**, or to **Coil** first, to be sent on to **GateHub**?

Yours,

Founder & CEO

Coil • coil.com • [@coil](https://coil.com)